

Message Text

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15

ACTION NEA-16

INFO OCT-01 ISO-00 COME-00 SP-03 AID-20 EB-11 NSC-07

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

OPIC-12 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04 USIA-15

PRS-01 L-03 H-03 DRC-01 /141 W

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R 170855Z MAY 74

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 1010

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E.O. 11652 N/A

TAGS: EIND,CE

SUBJ: SUBASINGHE DOWNPLAYS PFIZER TAKE-OVER THREAT

REF: COLOMBO 1305

1. DURING PRIVATE LUNCH MAY 16, I RAISED WITH INDUSTRIES MINISTER SUBASINGHE THREAT TO TAKE OVER PFIZER LTD., WHICH HAD BEEN VOICED BY FINANCE MINISTER N.M. PERERA MAY 9. I SAID PFIZER GENERAL MANAGER WILLIAMS HAD REPORTED PERERA'S REMARKS TO ME AND I NATURALLY WAS CONCERNED ABOUT IMPACT ON OUR RELATIONS IF PERERA, IN FACT, FOLLOWED THROUGH WITH HIS STATED INTENTION. I WAS CONSIDERING DISCUSSING MATTER DIRECTLY WITH PERERA, AND POSSIBLY LATER WITH PRIME MINISTER, BUT I WANTED FIRST TO CONSULT WITH SUBASINGHE BECAUSE MATTER FELL WITHIN JURUSDICATION OF HIS MINISTRY.

2. SUBASINGHE RECALLED HE HAD LEFT MAY 9 MEETING PRIOR TO PERERA'S REPORTED TAKE-OVER THREAT, BUT HE DID NOT BELIEVE WE SHOULD BE OVERLY CONCERNED ABOUT IT IF SITUATION PROPERLY HANDLED. HE WOULD BE ONE TO MAKE RECOMMENDATIONS REGARDING TAKEOVERS AND HE WAS NOT CONTEMPLATING ANY SUCH ACTION. HOWEVER, THERE WAS IMISSION WITHIN STATE PHARMACEUTICAL CORPORATION
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(SPC) THAT PFIZER HAD FAILED ADEQUATLEY LOWER PRICES OF IMPORTED

RAW MATERIALS AND THAT PFIZER HAD FAILED ADHERE TO COMPROMISE AGREEMENT RE GENERIC NAMES. SUBASINGHE SAID, IN HIS OPINION. PROBLEM ALSO RELATED TO PERSONALITY PROBLEMS BETWEEN WILLIAMS AND SPC CHAIRMAN BIBILE. THERE ALSO WAS FEELING WILLIAMS HAD SPEARHEADED PRESS CAMPAIGN AGAINST SPC LAST YEAR AND SOMETIMES HAD MADE PROVACATIVE REMARKS IN DEALING WITH GSL OFFICIALS.

3. I TOLD SUBASINGHE I WAS REASSURED BY HIS COMMENT THAT, IF SITUATION PROPERLY HANDLED, THERE WAS LITTLE PROSPECT OF PFIZER TAKEOVER. I DID NOT INTEND TO INVOLVE MYSELF IN PRICING AND GENERIC NAME ISSUES PREPARED TO BE OF ASSISTANCE AS REQUIRED. WILLIAMS WAS SCHEDULED FOR TRANSFER TO NEW ASSIGNMENT AT END OF THIS MONTH AND NEW GENERAL MANAGER SCHEDULED TO ARRIVE SOON. IF THERE HAD BEEN PROBLEM OF PERSONAL CHEMISTRY BETWEEN WILLIAMS AND BIBILE, HOPEFULLY THIS ASPECT OF PROBLEM WOULD BE OVERCOME WITH ARRIVAL NEW GENERAL MANAGER. (FYI NEW MANAGER'S VISA HAS NOT YET BEEN ISSUED. END FYI) IT WAS LEFT THAT SUBASINGHE AND I WOULD KEEP IN TOUCH AND THAT HE WOULD LET ME KNOW IF THERE WERE ANY FURTHER PROBLEMS WHICH SHOULD BE BROUGHT TO MY ATTENTION.

4. COMMENT: AS SUGGESTED IN REFTTEL, I AM INCLINED TO THINK N.M. PERERA MAY HAVE FELT IT NECESSARY TO SUPPORT FELLOW LSSP MEMBER BIBILE AT MAY MEETING AND MADE THREAT WHICH HE EITHER DID NOT INTEND TO CARRY OUT OR FOR WHICH HE COULD NOT OBTAIN FULL CABINET SUPPORT. EXCHANGE WITH SUBASINGHE REGARDING PERSONALITIES INVOLVED SHOULD BE TREATED WITH CONFIDENCE AND THAT ASPECT OF CONVERSATION SHOULD NOT BE CONVEYED TO PFIZER REPRESENTATIVES. AS DEPARTMENT AWARE, WILLIAMS HAS WORKED COOPERATIVELY WITH EMBASSY AND HAS KEPT US CLOSELY POSTED ON DEVELOPMENTS, AS SEEN FROM PFIZER PERSPECTIVE.
VAN HOLLEN

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